

NEBRASKA REVENUE SOURCES

Source: INCOME TAX

Basis and Rate: For individuals, the tax is calculated using a four bracket, graduated rate schedule based on Nebraska taxable income. The tax rates range from 2.56 percent to 6.84 percent. Income brackets and rates are displayed on page 17.

The corporation income tax rate is 5.58 percent of the first \$50,000 of Nebraska taxable income and 7.81 percent of income over \$50,000.

Due Date: Returns and payments are due on the federal return and payment dates. Withholding returns and payments are due the last day of the month following the preceding annual or quarterly reporting period and the 15th day of the month following the preceding monthly reporting period.

Administered by: Nebraska Department of Revenue

Distribution: General Fund

Source: FINANCIAL INSTITUTIONS TAX

Basis and Rate: The tax rate is 47 cents per \$1,000 average deposits, limited by the institution's net financial income multiplied by 3.81 percent.

Due Date: On or before the 15th day of the third month following the close of the taxable year of the financial institution.

Administered by: Nebraska Department of Revenue

Distribution: General Fund

Source: SALES AND USE TAX

Basis and Rate: The tax rate is 5.5 percent of the gross receipts from sales of tangible personal property and certain taxable services. Additional local option taxes of .5, 1, or 1.5 percent may be approved by local voters.

Due Date: Reports and payments are due the 25th day of the month for each preceding monthly, quarterly, or annual reporting period.

Administered by: Nebraska Department of Revenue

Distribution: State sales tax on motor vehicles, trailers, and semi-trailers is deposited in the Highway Trust Fund. All other state sales tax is deposited in the General Fund. State sales tax proceeds from the sale of motor vehicles, trailers, and semi-trailers that exceed 5 percent are deposited in the General Fund.

Source: AIRCRAFT FUELS TAX

Basis and Rate: The tax rate for aviation gasoline is 5 cents per gallon and the tax rate for aviation jet fuel is 3 cents per gallon. The tax on aircraft fuel used for licensed aircraft schools is refundable.

Due Date: Returns and payments are due on the 20th of each month for the preceding month.

Administered by: Nebraska Department of Revenue

Distribution: Department of Aeronautics Cash Fund

Source: ALCOHOLIC BEVERAGES TAX

Basis and Rate: The excise tax rates on alcoholic beverages are as follows: beer, 31 cents per gallon; all wines (except for wine produced in farm wineries), 95 cents per gallon; wine produced in farm wineries, 6 cents per gallon; alcohol and spirits, \$3.75 per gallon.

Due Date: Reports and payments are due the 25th of each month for the preceding month.

Administered by: Nebraska Liquor Control Commission

Distribution: General Fund

Source: CHARITABLE GAMING TAXES

Basis and Rate: The tax on bingo is 3 percent of gross receipts from each bingo occasion. The tax on pickle cards is 10 percent of the definite profit of each pickle card unit sold by a licensed distributor. The tax on county/city lotteries is 2 percent of the gross proceeds of each lottery. The tax on lotteries and raffles conducted by nonprofit organizations is 2 percent of the gross proceeds of each lottery with gross proceeds of more than \$1,000 or each raffle with gross proceeds of more than \$5,000.

Due Date: For organizations conducting bingo, a lottery, or a raffle, and for counties, cities or villages conducting a lottery, reports and payments are due the last day of the month for the preceding quarterly period. For pickle card distributors, reports and payments are due the last day of the month for the preceding monthly period.

Administered by: Nebraska Department of Revenue

Distribution: Forty percent of the tax is deposited in the Charitable Gaming Operations Fund. The remaining sixty percent of the tax is deposited in the General Fund. All unused operation funds will be transferred to the Compulsive Gamblers Assistance Fund. All lottery receipts are deposited in the State Lottery Operation Fund.

Source: CIGARETTE TAX

Basis and Rate: The cigarette tax rate is 64 cents on packages containing 20 or fewer cigarettes and 80 cents on packages containing 25 cigarettes. The basic rate is 1.7 cents per cigarette. The rate increase that was originally in effect for a two-year period was made permanent by LB 759.

Due Date: Reports are due the tenth of each month for the preceding monthly period.

Administered by: Nebraska Department of Revenue

Distribution: The cigarette tax is distributed as follows: General Fund, 21 cents reduced by \$3,000,000 (from July 1, 1994 to July 1, 2009) which is deposited in the Municipal Infrastructure Redevelopment Fund; Nebraska Outdoor Recreation Development Cash Fund, 1 cent; Department of Health and Human Services Finance and Support Cash Fund, 3 cents; Two cents is a fiscal year payment of \$1,000,000 to the City of Primary Class Development Fund (Lincoln) and \$1,500,000 to the City of Metropolitan Class Development Fund (Omaha); Building Renewal Allocation Fund, 7 cents; Information Technology Infrastructure Fund, 2 cents; Cash Reserve Fund, 28 cents.

Source: CORPORATION OCCUPATION TAX

Basis and Rate: The occupation tax amounts have doubled from their previous rates since they are now collected every two years. For domestic corporations, the tax rate is graduated, based upon the amount of domestic paid up capital stock. The tax rate ranges from \$26 for corporations with \$10,000 or less domestic capital stock, to \$23,990 for corporations with over \$100,000,000 of capital stock. For foreign corporations, the tax rate is based on the amount of property employed in Nebraska. The rate ranges from \$52 for foreign corporations with property valued at \$10,000 or less, to \$30,000 for foreign corporations with over \$20,000,000 of property in Nebraska. A fee of \$20.00 is levied against nonprofit corporations. Domestic and foreign corporation occupation taxes are due on a biennial basis and are collected in even numbered years. For non-profit corporations, the taxes are collected in odd numbered years.

Due Date: The reports and payments for domestic and foreign corporations are due March 1 and delinquent on April 15 of each even numbered year. Non profit biennial reports and payments are due April 1 and delinquent on June 1 of each odd numbered year.

Administered by: Secretary of State

Distribution: General Fund

Source: DOCUMENTARY STAMP TAX

Basis and Rate: Deeds are taxed at the rate of \$1.75 per \$1,000 of value or fraction thereof.

Due Date: Stamps are affixed prior to recording.

Administered by: The tax is collected by the County Register of Deeds then remitted to the Nebraska Department of Revenue.

Distribution: Counties retain 50 cents from each \$1.75 of tax collected. Twenty-five cents of the remaining \$1.25 will be credited to the Homeless Shelter Assistance Trust Fund and \$1.00 will be credited to the Affordable Housing Trust Fund.

Source: FIRE MARSHAL TAX

Basis and Rate: Gross direct writing premiums and assessments received for fire insurance on all business done in the state are subject to taxation. Foreign and alien insurance companies pay .75 percent; domestic mutual companies and assessment associations pay .375 percent.

Due Date: Payments are due annually by March 1.

Administered by: Department of Insurance

Distribution: Fire Insurance Tax Fund

Source: INSURANCE PREMIUM TAX

Basis and Rate: For all domestic and foreign companies (except fraternal beneficiary associations) the tax rate is 1 percent of the gross amount of direct writing premiums for business done in Nebraska, except that for group sickness and accident insurance the rate is .5 (five-tenths) percent.

Sources

Due Date: Payments are due annually by March 1. Quarterly prepayments of tax by all insurers with net tax liability for the previous tax year equal to or greater than \$4,000 are due April 15, June 15, and September 15. The tax paid must equal 25 percent of either (1) the total tax paid for the preceding taxable year or, (2) 80 percent of the actual tax due for the current taxable year.

Administered by: Department of Insurance

Distribution: Forty percent of the tax is deposited in the General Fund and 10 percent in the Mutual Finance Assistance Fund. The remaining fifty percent is deposited in the Insurance Tax Fund and distributed as follows: 10 percent less \$100,000 to the counties; \$100,000 to the Nebraska Local Government Innovation and Restructuring Fund; 30 percent to the Municipal Equalization Fund; and 60 percent to school districts.

Source: **LITTER FEE**

Basis and Rate: The fee applies to manufacturers, wholesalers and retailers with annual gross proceeds of at least \$100,000 from the sale of certain products. Retailers are required to pay the fee on sales of: (1) food for human consumption, beverages, soft drinks, carbonated water, liquor, wine, beer, and other malt beverages, unless sold by retailers solely for consumption indoors on the retailer's premises; (2) food for pet consumption; (3) cigarettes and other tobacco products; (4) household paper and household paper products; (5) cleaning agents; and (6) kitchen supplies. Manufacturers and wholesalers are required to pay the fee on sales of all of the items listed above for retailers, as well as glass containers, metal containers, and plastic or fiber containers made of synthetic materials.

The rate is \$175 per \$1,000,000 (.000175) of gross sales of products subject to the fee.

Due Date: Reports and payments are due October 1, for the preceding July 1 to June 30 period.

Administered by: Nebraska Department of Revenue

Distribution: Litter fees are deposited in the Nebraska Litter Reduction and Recycling Fund.

Source: **LODGING TAX**

Basis and Rate: The state tax rate is 1 percent of the gross receipts from charges for hotel occupancy. Counties may adopt an additional local tax of up to 4 percent.

Due Date: Reports and payments are due the 25th day of the month for each preceding monthly reporting period.

Administered by: Nebraska Department of Revenue

Distribution: The state lodging tax is deposited in the State Visitors Promotion Cash Fund. Receipts from the county lodging tax are paid to the County Visitors Promotion Fund and the County Visitors Improvement Fund.

Source: **MARIJUANA AND CONTROLLED SUBSTANCES TAX**

Basis and Rate: The tax is imposed for the possession or acquisition of marijuana and controlled substances in Nebraska. Payment of the tax does not provide immunity for a dealer from criminal prosecution under state or federal law. Tax rates are: for marijuana, \$100 per ounce or portion of an ounce; for controlled substances by weight, \$150 per gram or portion thereof; and for controlled substances not sold by weight, \$500 per each 50-dosage unit or portion of a unit.

Due Date: The tax must be paid to the Nebraska Department of Revenue immediately upon acquisition or possession of marijuana or controlled substances in Nebraska.

Administered by: Nebraska Department of Revenue

Distribution: Five percent of the proceeds are credited to the Marijuana and Controlled Substances Tax Administration Cash Fund. Of the remaining proceeds, 50 percent is returned to the county from which the proceeds originated for credit to the County Drug Law Enforcement and Education Fund of the county. All remaining funds, including those which did not originate in a county are credited to the Nebraska State Patrol Drug Control and Education Cash Fund.

Source: **MECHANICAL AMUSEMENT DEVICES TAX**

Basis and Rate: A license fee and occupation tax are imposed on operators and distributors of mechanical amusement devices, such as coin-operated video games. Beginning on January 1, 2000, no license fees are required. The occupation tax is \$35 per device placed in operation prior to July 1 of each year and \$20 per machine placed in operation on or after July 1 of each year.

Due Date: Occupation tax decals expire on December 31 of each year, regardless of when they were issued, and must be renewed on or before January 1.

Administered by: Nebraska Department of Revenue

Distribution: General Fund

Source: MOTOR FUELS TAX

Basis and Rate: The motor fuels fixed tax rate is 12.5 cents per gallon. Added to the fixed tax rate is the variable tax rate which is set semiannually beginning July 1, 1998. The variable portion of the tax rate is determined by multiplying the average statewide cost of motor vehicle fuels purchased by the State of Nebraska by the variable excise tax rate. The tax rate is also adjusted to offset the amount of revenue not collected due to the ethanol producer credit.

For 2004 the semiannual tax rates are as follows: January thru June - 24.8 cents; July thru December - 24.8 cents.

Due Date: All returns and payments are due on the 20th of each month for the preceding month.

Administered by: Nebraska Department of Revenue

Distribution: Two cents of the fixed portion of the motor fuels tax rate is credited to the Highway Allocation Fund. The remaining 10.5 cents of the fixed portion is credited to the Highway Trust Fund. Revenue generated by the variable portion of the tax rate is credited to Highway Cash Fund. Motor fuels tax revenue credited to the Highway Trust Fund is combined with other sources of highway user revenue and distributed to the Highway Cash Fund (53 1/3 percent) and the Highway Allocation Fund (46 2/3 percent). Highway Allocation Fund revenue is distributed 50 percent to cities and 50 percent to counties.

Source: MOTOR VEHICLE REGISTRATION FEES

Basis and Rate: Fees are imposed on new and renewal registrations of motor vehicles, trailers, motorcycles, semi-trailers, and snowmobiles. The fee varies depending on the type of vehicle registered. In addition to the registration fee, there is a \$1.50 charge to be credited to the Department of Motor Vehicles Cash Fund, a \$1.50 charge to be credited to the State Recreation Road Fund, and an issuance fee of \$2.00 (\$5.00 if the vehicle belongs to a nonresident) which is retained by the county. A \$30 fee for personalized message plates is credited to the Department of Motor Vehicles Cash Fund.

Due Date: For motor vehicles, the annual payment due date depends on the vehicle purchase date. For motor carriers, payments are due January 1.

Administered by: The fees are collected by the county treasurers, then remitted to the Department of Motor Vehicles.

Distribution: The remaining registration fees are credited to the Highway Trust Fund. The General Fund is credited with all driving record fees and driver reinstatement fees.

Source: ORGANIZATION AND QUALIFICATION FEES

Basis and Rate: A filing fee is imposed on Nebraska corporations at the time they file for Articles of Incorporation in order to qualify to do business in Nebraska. The fee is based on the amount of authorized capital stock.

Foreign corporations pay a filing fee plus miscellaneous charges to qualify to do business in Nebraska. A filing fee applies to nonprofit corporations and limited liability partnerships. Fees are also charged for filing of amendments to the articles of incorporation filing articles of dissolution, change of registered agent and other registration documents.

Due Date: For domestic corporations, fees are due at times of incorporation. For foreign corporations, fees are due at time of qualification or domestication. For limited liability partnerships, fees are due at times of organization.

Administered by: Secretary of State

Distribution: General Fund; except, two-thirds of domestic and corporate filing fees are credited to General Fund and one-third to Corporation Cash Fund.

Source: PARI-MUTUEL WAGERING TAX

Basis and Rate: No tax is imposed for meets conducted on Nebraska State Fairground property. For all other meets, amounts wagered over \$10,000,000 but less than or equal to \$73,000,000 are taxed at a rate of 2.5 percent. Amounts in excess of \$73,000,000 are taxed at a rate of 4 percent. A tax credit equal to 2 percent of the first taxable \$70,000,000 is allowed for capital improvements and maintenance. An additional tax of one-half of one percent is imposed on wagers placed by telephone.

Due Date: Reports and payments are due the tenth day of each month for the preceding month.

Administered by: Nebraska Department of Revenue

Distribution: The one-half percent tax on wagers placed by telephone is deposited in the Racing Commission's Cash Fund. All other revenue is deposited in the General Fund.

Source: PETROLEUM RELEASE REMEDIAL ACTION FEE

Basis and Rate: The fee is nine-tenths (.009) of one cent per gallon on gasoline and gasohol and three-tenths of one cent per gallon on other petroleum products.

Sources

Due Date: Reports and payments are due each on the 20th of each month for the preceding monthly period.

Administered by: Nebraska Department of Revenue

Distribution: An amount not exceeding \$28,000 is deposited in the Petroleum Release Remedial Action Collection Fund. The remainder is deposited in the Petroleum Release Remedial Action Cash Fund.

Source: SEVERANCE AND CONSERVATION TAX

Basis and Rate: The severance tax is based on the value of oil and gas severed. The rate is 2 percent for stripper wells, 3 percent for non-stripper wells, and 3 percent for natural gas. The conservation rate is .35 percent on the value of oil and gas severed.

Due Date: Reports and payments are due the last day of each month for the preceding month in which resources were severed.

Administered by: Nebraska Department of Revenue

Distribution: Tax on gas or oil severed from public school lands is deposited in the permanent school fund. For all other lands, 1 percent of the gross tax receipts is deposited in the Severance Tax Administration Fund, up to \$300,000 may be appropriated to the State Energy Office Cash Fund, up to \$30,000 may be appropriated to the Public Service Commission for administration of the Municipal Rate Negotiations Revolving Loan Fund, and the remainder is deposited in the permanent school fund. Revenue from the conservation tax is deposited in the Oil and Gas Conservation Fund.

Source: TIRE FEE

Basis and Rate: A fee of \$1.00 per tire is due on each retail sale in Nebraska of a qualified tire. The fee is also due on every tire included with a new vehicle, and every new tire a motor vehicle dealer places on a previously owned vehicle. Tires sold specifically for off-road use and recapped or regrooved tires are not subject to the fee.

Due Date: Reports and payments are due the 25th of each month for the preceding month.

Administered by: Nebraska Department of Revenue

Distribution: Fees are credited to the Waste Reduction & Recycling Incentive Fund.

Source: TOBACCO PRODUCTS TAX

Basis and Rate: The tax is imposed on the first owner of tobacco products imported, manufactured or sold in Nebraska. Tobacco products include those forms of tobacco other than cigarettes prepared as to be suitable for chewing or smoking. The tax rate is 20 percent of the net invoice price of the tobacco products.

Due Date: Reports are due the tenth of each month for the preceding monthly period.

Administered by: Nebraska Department of Revenue

Distribution: Tobacco Products Administration Cash Fund

Source: TRANSFER TAX (ESTATE AND GENERATION-SKIPPING TRANSFER TAX)

Basis and Rate: The transfer tax is comprised of an estate tax and a generation-skipping transfer tax. For estates of persons dying on or after January 1, 2003 and before July 1, 2003, the estate tax applies to filers of Federal Forms 706, 706NA, or 706-QDT, if the deceased was a resident of Nebraska or owned real property in Nebraska at the time of death. For estates of persons dying on or after July 1, 2003, the estate tax applies to estates with a federal taxable estate of one million dollars or more, regardless of whether or not a federal form is filed, if the deceased was a resident of Nebraska or owned real property in Nebraska at the time of death.

For estates of persons dying on or after January 1, 2003 and before July 1, 2003, the estate tax ranges from .8 percent for taxable estates between \$40,000 and \$90,000 to 16 percent for taxable estates greater than \$10,040,000. For estates of persons dying on or after July 1, 2003, the estate tax is 41 percent of taxable estates up to \$100,000 plus an additional tax of up to 16 percent of the excess amount over \$100,000.

The generation-skipping transfer tax applies to transfers in which a federal generation-skipping transfer tax is imposed, where the property of a Nebraska resident is transferred or distributed, or a nonresident transfers Nebraska real estate or any tangible personal property situated in Nebraska. The tax rate for generation-skipping transfers is 16 percent.

Due Date: Estate tax is due 12 months after the death of the decedent. Generation-skipping transfer tax is due on the due date for filing the related federal return.

Administered by: Nebraska Department of Revenue

Distribution: General Fund

Source: URANIUM SEVERANCE TAX

Basis and Rate: The tax is levied on the value of the uranium severed from the soil of Nebraska. A \$5,000,000 exemption is allowed before the tax is applied. The tax rate is 2 percent of the value of the uranium produced each year in excess of \$5,000,000 gross value.

Due Date: Reports and payments are due the last day of each month for the preceding month in which uranium was severed.

Administered by: Nebraska Department of Revenue

Distribution: General Fund

Source: WASTE REDUCTION AND RECYCLING FEE

Basis and Rate: The fee is \$25 for each business location with net taxable sales of tangible personal property of \$50,000 or more.

Due Date: Reports and payments are due October 1, for the preceding July 1 to June 30 period.

Administered by: Nebraska Department of Revenue

Distribution: Waste Reduction and Recycling Incentive Fund

MISCELLANEOUS STATE TAXES AND OTHER REVENUES

In addition to the taxes and fees mentioned above, Nebraska government receives money from numerous other minor sources. Various business and franchise taxes supply small amounts of revenue to the State General Fund each year. In addition, the state receives several million dollars annually from nontax revenue sources. Nontax revenue sources include license, permit, and inspection fees; income from state lands, buildings, and equipment; and some private sources. An important source of revenue is interest on the investment of state funds.